

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
)	
BELL ATLANTIC NEW ZEALAND HOLDINGS, INC.)	IB Docket No. 03-115
)	
)	ISP-PDR-20030418-00012
And)	SES-T/C-20030418-00502
)	SES-T/C-20030418-00501
PACIFIC TELECOM INC.)	SCL-T/C-20030418-00008
)	ITC-T/C-20030418-00204
Applications for Consent to Transfer Of Control)	
)	
Petition for Declaratory Ruling)	
)	

COMMENTS OF THE GOVERNOR OF GUAM

The Honorable Felix P. Camacho, Governor of the Territory of Guam ("Governor") hereby comments on the above-referenced applications and petition filed by Bell Atlantic New Zealand Holdings, Inc. ("BANZHI") and Pacific Telecom Inc. ("PTI"). The applications request consent to transfer of control of GTE Pacifica, a Federal Communications Commission ("FCC" or "Commission") licensee, and its parent corporation the Micronesian Telecommunications Corporation ("MTC") from BANZHI to PTI. The Petition for Declaratory Ruling asks for a ruling, under Section 310(b)(4) of the Communications Act of 1934 ("Act"), that indirect foreign investment of up to 100 percent in MTC and GTE Pacifica, by a company having its principal place of business in a World Trade Organization ("WTO") member country, is in the public interest.

MTC is the local exchange carrier (“LEC”) for the Commonwealth of the Northern Mariana Islands, (“CNMI”). GTE Pacifica provides interexchange, international and cellular services in the CNMI, and is the licensee of a submarine fiber optic cable between the CNMI and Guam. This is the second attempt by BANZHI, an indirect subsidiary of Verizon Communications, Inc., to sell the stock of MTC to PTI. Applications covering the previous effort were withdrawn in March 2003 to allow a new ownership structure to be put into place. The Governor makes no comment on the worthiness of the new ownership structure or on other aspects of the applications and petition.

The Governor of Guam is interested, however, in the continuation of the policies of rate integration, codified in Section 254(g) of the Act:

. . . the Commission shall adopt rules to require that the rates charged by providers of interexchange telecommunications services to subscribers in rural and high cost areas shall be no higher than the rates charged by each provider to its subscribers in urban areas. Such rules shall also require that a provider of interstate, interexchange telecommunications services shall provide such services to its subscribers in each state at rates no higher than the rates charged to its subscribers in any other state.¹

Because the proposed new owner of GTE Pacifica, PTI, does not provide interstate, interexchange services anywhere other than CNMI, there are no “other states” or “urban areas” available to be integrated into. Consequently, PTI does not appear to be statutorily obligated to continue to offer service at integrated rates.

This would ordinarily be of great concern to the citizens of the CNMI and Guam. However, it appears from the BANZHI/PTI applications that this concern may have been anticipated – and addressed. Specifically, in its Petition, PTI states that it

¹ 47 U.S.C. § 254(g). See also *Policy and Rules Concerning the Interstate, Interexchange Marketplace Implementation of Section 254(g) of the Communications Act*, 11 FCC Rcd. 9564 (1996).

. . . intends to sign a rate integration agreement with the CNMI committing Pacific Telecom not to exceed Verizon's rate integrated long distance domestic message toll service rates for customer dialed direct station-to-station calls for a five year period.²

This commitment to rate integration is praiseworthy. Nevertheless, the Governor suggests that this agreement be made part of the record of this proceeding. Indeed, a draft of such agreement, if the agreement itself has not been signed, should be made available for commenters to review. At the very least, a further description of the status of the agreement (who are the signatories, state of the negotiations, proposed terms, etc.) would be of great interest to those concerned about the continuation of rate integration in the insular areas.

Furthermore, the Commission should specifically condition any approvals in this proceeding on the existence of this agreement, not merely an "intent to sign". As a general matter, all Commission orders are based upon the facts contained in applications and thus contain implicit conditions relating to those facts.³ In this case, however, because of the importance of rate integration to CMI and Guam, an explicit condition requiring that PTI live up to its commitments is warranted.

² PTI Petition at 11.

³ See, e.g., Section 214 (c):

The Commission shall have the power to issue such certificate *as applied for*, to refuse to issue it, or to issue it for a portion or portions of a line, or extension thereof, or discontinuance, reductions or impairment of service, *described in the application*, or for the partial exercise only of such right or privilege and may attach to the issuance of the certificate such terms and conditions as in its judgment the public convenience and necessity may require. (emphasis added)

CONCLUSION

The Governor of Guam does not oppose the subject applications, but requests that approval be explicitly conditioned on fulfillment of the terms of any agreement between PTI and the CMI regarding rate integration

Respectfully submitted,

/s/ Felix P. Camacho

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Certificate of Service

I, Susanne G. Martin, certify that on June 9, 2003 the “Comments of the Governor of Guam” was served on all parties listed below by U.S. mail, first class, postage prepaid.

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